



Global Manufacturer of the
JouleBox™ Hybrid Generators

Clean, Green Energy 24/7/365

The Solution for



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Executive Summary

The Industry

In 1882, Thomas Edison threw the switch at the first commercial electric generator near Wall Street, and the electric power industry was born. Today, the U.S. electricity industry generates more than \$375 billion in annual sales. Modern life would flounder without lighting, air conditioning, computers and the untold number of devices and services that rely on electricity. The demand for electricity is growing, and the pervasive industry is undergoing enormous changes. Currently, the world is consuming over 20,000 TWh (20,000,000,000,000 kWh). The market is massive.

It is estimated the industry will need to spend \$16 trillion by 2030 for new electricity generation, refurbishment of existing facilities, transmission and distribution. Developing nations have the largest need for new generation. If the generation, transmission and distribution could be effected at affordable prices then the developing countries could use even greater investment. Distributed Generation is of vital importance in these areas because they do not have the infrastructure for large scale transmission and distribution.

Fossil fuels currently represent 67% of all electricity production; nuclear 14%; and hydro 15%. The pollution, climate change, toxic waste and disasters are pushing for increased use of renewable energy generation in the production of electricity. Japan wants to shut down all their nuclear power plants as soon as possible. Pollution in China is very dangerous because of coal powered generation. The United States and Europe are promoting more renewable energy generation with the goal of 33% by 2020. Large solar or wind farms have large transmission expense, only produce intermittent energy and are usually located far from desired urban areas. Thermal solar is close to achieving its goal of 50% efficiency at 8 cents per kWh.

The need for clean, green, renewable energy at affordable prices is enormous. The *JouleBox™* Hybrid Generators are the most disruptive technology in a massive market at a price that expands the market.

The Company

Incorporated under the laws of the state of Nevada, ECO-GEN Energy, Inc. and its wholly owned subsidiary, SunAmerica Solar are innovators in the "Green Energy" field.

ECO-GEN Energy, Inc. has exclusive technology to produce clean green energy with the *JouleBox™* Hybrid Solar Generator that is more efficient than anything else on the market today. Rather than a rooftop full of solar panels that takes away from the design and beauty of the property we install 4-8 solar panels and a metal box that is approximately 8'L X 4'W X 5' H. Unlike typical solar that only produces power 4-6 hours a day at best, our generator produces energy 24/7/365. We wholesale a 10 kW system for \$39,995; a 20 kW System for \$69,995; and a 60 kW System for \$199,995.



The below chart compares the 3 models of the JouleBox™ - Hybrid Solar Generator.

	JouleBox™ -Hybrid Solar Generator 10 kW	JouleBox™ -Hybrid Solar Generator 20 kW	JouleBox™ -Hybrid Solar Generator 60 kW
Wholesale cost of Units before Rebates and Credits	\$39,995	\$69,995	\$199,995
Annual kWh produced	87,600	175,200	525,200
Annual kWh's are estimated as unit size (60 kW) X 24 hours per day X 365 days in year. Actual production may vary slightly.			

The JouleBox™ Hybrid Solar Generators can be connected in parallel clusters into any size Green Electricity Distributed Generation Power Plant. The advantage is that these mini plants can be constructed close to sub-stations where the power is needed. The land needed is minimal compared to solar or wind and the environmental impact is non-existent. Additionally, since these plants are modular, they can be scaled larger or smaller as growth or demand dictates.

The JouleBox™ Green Power Plant solution

The JouleBox™ Hybrid Solar Generators solve all these problems. By configuring the 60 kW units in a parallel cluster configuration and building them under the right of way and near the electrical substations on leased land, we have the lowest land/rooftop acquisition cost and can produce the power where it is needed.

Example:



The JouleBox™ Green Power Plant can be installed next to a sub-station, under transmission lines or on any right of way that makes distribution efficient and cost effective. A small installation of 10 – 60 kW



units with the solar panels would use approximately 1000 sq. ft. of land. This 600 kW system would produce 5,252,000 kWh per year or enough electricity to run 1000 homes. There is no theoretical limit on the number of units that could be clustered together.

Reliability

By producing power from a cluster of units that are not dependent on each other to operate, the reliability of power is greatly enhanced. If one unit goes out the other units continue to produce electricity with minimal impact on the grid. Typical gas or coal generators must be shut down periodically for maintenance causing major disruptions. The JouleBox™ Hybrid Solar Generators are continuously monitored and if a unit goes out it could be replaced within an hour with a simple plug-n-play swapping of the unit which saves on maintenance costs. The only maintenance required is to annually change the oil in the gearbox and check bearings.

The Technology

The IP technology that was developed was based on proven technology and by using different technologies in tandem the developers were able to secure new IP:

Magnetic Flywheels

- Mono-polar generators were developed by Faraday, Tesla, Tewari and others. We use high speed (10,000 RPM) magnetic flywheels to produce low voltage (2V), high amperage (600 Amps) brushless electricity.
- iCEL developed and holds the patent for serial and parallel wiring of lithium ion battery bricks to charge and discharge simultaneously. iCEL has jointly developed with us the exclusive energy management system to harness the low voltage/high amperage electricity. This lithium ion technology was not available when others did their testing on mono-polar generators. By merging the 2 technologies we were able to secure IP rights for the dual use to produce electricity. ECO-GEN Energy holds stock in iCEL and iCEL owns stock in ECO-GEN Energy.

Wind to turn the Generators

- With the solar panels and the magnetic flywheels we have the ability to keep the battery brick charged enough to constantly run our Blower that manufactures our wind. Keeping the batteries fully charged also extends the life of the battery up to 20 years.
- We use manufactured wind to turn our generators. Wind is accepted and proven source of power to generate electricity.
- We use a Vortex Reduction Chamber to increase the force of the wind. This is the same type of proven technology in Cyclone Wind Tunnel vacuum cleaners. By creating a vortex of the wind we achieve 'Wind Cubing' so less wind is needed to turn the turbine/generators. The key is to keep the



turbines at 1800 RPM (1500 for 50 Hz). There is minimal energy required to maintain the speed. This is why we never turn the unit off except for annual maintenance.

- Others have patents on this wind technology in vacuum cleaners and other applications, but we were able to combine the manufactured wind in the Vortex Reduction Chamber to run off LI battery bricks for additions IP rights.

Generators and Motors

- We use both high efficiency Switched Reluctance Motors & Generators.
- These are durable, highly efficient generators that will produce power 24/7/365.
- These generators should produce energy for the next 30-40 years with minimal maintenance.
- We also use heavy flywheels to stabilize the spin and store the kinetic energy so there is no variation and constant spin.
- The enhanced wind is ideal to turn the generators and allows for more IP rights.

The JouleBox™ Hybrid Solar Generator makes electricity from solar and wind. Therefore, our buyers are eligible to receive clean/green energy tax credits, rebates and other incentives that may be available.

Capital Requirements

In order to fund operations ECO-GEN plans to raise equity in the amount of up to \$25,000,000 (the "Funding"). ECO-GEN is offering select Accredited Investors through a Private Placement Memorandum (PPM) the opportunity to own up to twenty-five (25%) percent of the company. There will be no need to raise additional equity financing. The company may obtain debt project financing under certain circumstances for Green Electricity Distributed Generation Facilities in which we act as either developer or co-developer and receive an income stream from the PPA on energy generated.

Use of Funds

The company will use the \$25 Million equity contribution to increase efficiencies, increase sales and decrease the cost of manufacture. The Funding will enable us to increase sales and production as fast as possible. Without sales the burn rate would last for 1 year. We anticipate sales within the first quarter from funding.

- Supply Chain Management – \$15.0 million.
By increasing the size of the orders of component parts we can decrease costs for each of our units 18-25%. Currently, 50% down payment with orders does not cover 100% of our costs on the smaller units. \$15.0 Million can support \$165 million in sales and generates a \$80+ million gross profit. This capital can be turned every 60-90 days. With component cost saving more sales can be supported with less capital. Contract manufacturers require us to show liquid assets to meet production obligations. We can leverage our capital by showing the capital while having the products manufactured by multiple contract manufacturers. All our sales terms are 50% with the purchase



order and the balance prior to shipment. All manufacturing is provided by independent 3rd party contract manufacturers. The production limits are estimated as:

CEBE	max. 500 units per month
Suntron/Benchmark	max. 1000 units per month
Flextronics	can provide global manufacturing operations. The minimum guarantee to have Flextronics manufacture is \$120 million annually, at cost. The additional capital allows us to meet Flextronics requirements.

Other Contract manufacturers can be added to meet demand.

- Marketing – \$1.5 million.
US markets will be handled by distributors and solar installation companies. We anticipate adding staff to handle US needs. Lenders require demonstrating financial viability to approve our equipment in order that they finance our customer's purchases. Export sales require demonstrating financial viability for approval for EX-IM Bank financing. The export market is especially strong for our 60 kW units that have the highest profit margins and the lowest need for capital since the 50% down payment covers costs.
- Certification – \$1.0 million.
All equipment must be tested and/or certified in accordance with the International Electrotechnical Commission 61400-2 ("IEC 61400-2"). IECCE, CEE is the International Commission on the Rules for the Approval of Electrical Equipment. Additionally, certain certifications are required depending on country: VDE EMC Mark, Underwriters Laboratories Inc., CSA International, CE, ENEC, NEMKO, DEMKO, FIMKO, GS-Mark, CCA, GOST R, NOM Mark, VDE EMC Mark and Energy Star.

Currently there are incentives for Solar and Wind in the US. We will apply for approval of our technology for incentives without a solar component which will save on costs and increase sales.
- Engineering – \$1.5 million.
There are additional improvements and efficiencies that can be added to the products to increase sales and decrease costs.
- Staffing – \$3.5 million.
There are additional staffing requirements. These positions are primarily quality control, manufacturing oversight, logistics, accounting and administrative.
- Legal – \$1.5 million.
Expanded IP protection globally and the defense of all anticipated infringements. Corporate Counsel is Mark Riedy, of Kilpatrick Townsend & Stockton LLP, Washington DC. Mr. Riedy is internationally



known in the renewable energy field. The firm's expertise in renewable energy, energy generation, intellectual property and securities field will assist us in obtaining PPA's, regulatory approval and global patent protection.

- Reserves – \$1.0 million.
The Company needs reserves to manage future growth.

Income Sources

- Sale of Equipment, both domestic and exports. Manufacturing will expand globally by our contract manufacturers to meet global demand. The company requires 50% deposit with any Purchase Order (PO). The balance must be paid prior to shipment. Sales and expenses are booked on an accrual basis with the receipt of the PO.
- ECO-GEN will assist in the development and co-development of mini Green Electricity Distributed Generation Power Plants (GEDGPP) where we receive income from the sale of electricity (kWh) via a 10-20 year Power Purchase Agreement (PPA) with the local utility at anticipated rates of \$0.08 - \$0.32 kWh. Each GEDGPP will be owned by a Special Purpose Entity (SPE) that limits any potential liability and allows for flexibility to sell the GEDGPP privately or in the public markets. Each PPA will be owned by a SPE. Income from the PPA is booked after the units are installed on a quarterly basis. ECO-GEN will book its proportional earnings from the SPE on an annual basis after installation. ECO-GEN will book the Sale of Equipment to the SPE like any other sale.
- Maintenance Contracts will be sold for all 60 kW units. The contract can be provided with or without internet satellite communication and monitoring capabilities. The only required maintenance is to change the oil in the gearbox once per year (1 quart) and grease the bearings. Approximate time per unit: 1 hour.



P&L 2 Years Prior to Public Offering

REVENUE		Quarter 3 -2013	Quarter 4 -2013	Quarter 1 -2014	Quarter 2 -2014	Quarter 3 -2014	Quarter 4 -2014	TOTALS Thru 2014
	Sales Units	125	1,411	4,200	5,460	7,098	9,227	
	Product Sales \$	24,999,375	282,192,945	839,979,000	1,091,972,700	1,419,564,510	1,845,433,863	5,504,142,393
	PPA Income \$		11,865,946	35,320,320	45,916,416	59,691,341	77,598,743	230,392,765
	Maintenance Contracts \$		382,500	4,317,660	12,852,000	16,707,600	21,719,880	55,979,640
TOTAL REVENUE		24,999,375	294,441,391	879,616,980	1,150,741,116	1,495,963,451	1,944,752,486	5,790,514,798
EXPENSE								
	Contract Manufacturers -COG Product	(11,749,706)	(132,630,684)	(394,790,130)	(393,110,172)	(511,043,224)	(664,356,191)	(2,107,680,107)
	Maintenance		(300,000)	(10,080,000)	(10,080,000)	(13,104,000)	(17,035,200)	(22,145,760)
	Royalties IP	(1,999,950)	(22,575,436)	(67,198,320)	(87,357,816)	(113,565,161)	(147,634,709)	(440,331,391)
	Corporate Overhead	(5,499,863)	(62,082,448)	(184,795,380)	(240,233,994)	(312,304,192)	(405,995,450)	(1,210,911,326)
TOTAL EXPENSE		(19,249,519)	(217,588,568)	(656,863,830)	(730,781,982)	(950,016,577)	(1,235,021,550)	(3,809,522,025)
NET INCOME		5,749,856	76,852,823	222,753,150	419,959,134	545,946,874	709,730,936	1,980,992,774
REVENUE				Quarter 1 -2015	Quarter 2 -2015	Quarter 3 -2015	Quarter 4 -2015	TOTALS 2015
	Sales Units			11,996	15,594	20,273	26,354	
	Product Sales \$			2,399,064,022	3,118,783,228	4,054,418,197	5,270,743,656	14,843,009,103
	PPA Income \$			100,878,366	131,141,876	170,484,438	221,629,770	624,134,450
	Maintenance Contracts \$			28,235,844	36,706,597	47,718,576	62,034,149	174,695,167
TOTAL REVENUE				2,528,178,232	3,286,631,701	4,272,621,212	5,554,407,575	15,641,838,720
EXPENSE								
	Contract Manufacturers -COG Product			(863,663,048)	(1,122,761,962)	(1,459,590,551)	(1,897,467,716)	(5,343,483,277)
	Maintenance			(22,145,760)	(10,080,000)	(13,104,000)	(17,035,200)	(22,145,760)
	Royalties			(191,925,122)	(249,502,658)	(324,353,456)	(421,659,492)	(1,187,440,728)
	Corporate Overhead			(527,794,085)	(686,132,310)	(891,972,003)	(1,159,563,604)	(3,265,462,003)
TOTAL EXPENSE				(1,605,528,014)	(2,068,476,931)	(2,689,020,010)	(3,495,726,013)	(9,858,750,968)
NET INCOME				922,650,217	1,218,154,771	1,583,601,202	2,058,681,562	5,783,087,752

*Accrual basis. All product income and corresponding expense is booked with a paid purchase order. Revenue from PPA and maintenance contracts are booked annually after installation.

** Revenue is projected based on the company receiving Funding before mid Q-3 2013. Delays in Funding will push the projections out proportionally.



Geographic Sales - Domestic

The company has identified Massachusetts, Maryland, New Jersey, Hawaii and Washington DC as our initial focus because of the income potential from Renewable Energy Credits (RECs also known as Solar RECS or SRECs) and Feed-in-Tariff rates. A REC is equal to 1000 kWh, so our 60 kW system that produces 525,200 kWh per year would generate 525.2 RECs annually. These are sold in addition to the energy that is sold via the PPA.

SREC Prices	May-13	Jun-13	Jul-13
Delaware			
2012	\$35.00	\$35.00	\$10.00
Maryland			
2011	\$115.00	\$107.00	--
2012	\$120.00	\$115.00	\$125.00
2013	\$125.00	\$122.50	\$130.00
Massachusetts			
2012	\$200.00	\$215.00	--
2013			\$222.53
New Jersey			
2011	\$120.00	\$115.00	\$115.25
2012	\$135.01	\$125.00	\$115.25
2013	\$140.01	\$130.00	\$120.25
Ohio			
<i>In-State</i>			
2012	--	--	--
2013	\$50.00	--	--
<i>Out-of-State</i>			
2012	\$14.00	\$14.00	--
2013	\$14.00	\$14.00	\$12.00
Pennsylvania			
2012	\$10.00	\$10.00	\$8.00
2013	\$13.00	\$11.00	\$10.00
Washington, D.C.			
2011	--	--	--
2012	\$405.00	--	\$470.00
2013	\$420.00	\$488.98	\$470.00

The price for RECs will drop based on availability. The highest price is available for the first to market.

Feed-in Tariff Rates for HI*

Tier	Technology	Eligible System Size	Rate
Tier 3	Photovoltaics	Greater than 500 kW, less than or equal to 5 MW	\$0.197/kWh
Tier 3	Concentrating Solar Power	Greater than 500 kW, less than or equal to 5 MW	\$0.315/kWh
Tier 3	On-Shore Wind	Greater than 100 kW, less than or equal to 5 MW	\$0.120/kWh
Baseline FIT	Other RPS-Eligible Renewable Energy Technologies**	Maximum size limits for facilities	\$0.120/kWh



Schools and the military have received mandates to 'Go Green'. California has already passed a bond measure for \$2.5 Billion for renewable energy for the schools. As a minority managed business, ECO-GEN receives preferred consideration. The military spends more on energy than any other entity on earth. They have been mandated to 'Go Green'.

Geographic Sales – Export/Global

The opportunities for product sales and PPA's are greater outside the US. Initially, all units will be produced in the US. We will work closely with our contract manufacturers to expand so we can produce the units globally.

Sales globally will be a combination of direct sales and PPA's with local developers. On some PPA's we will sell the product and participate in the income stream of the PPA. Twenty (20) year PPA's are currently being offered in Japan at \$0.42 per kWh which would result in annual income of over \$220,000 per 60 kW unit for the SPE. ECO-GEN has discussed participating by selling the units for full price and receiving 50% of the net income from the PPA. PPA's are available throughout Africa at \$0.30 per kWh. Most developing countries do not have the capital to purchase the units but will sign PPA's. We have had discussions with the United Nations Development Bank and EX-IM Bank to provide financing.

Selling units for specific market sectors offer tremendous opportunities. We have had discussions with cell phone companies in Russia and India for over 10,000 of the 10 kW for each country. These would be used for each cell phone tower. Globally, there are over 600,000 cell towers that are operating off-grid using diesel generation. Puerto Rico is interested in 2,000 of the 60 kW at \$0.185 per kWh PPA. The water and sanitation industry is the largest user of electricity, from pumping, recycling waste water to desalinization; all use enormous electricity.

The EU has the most aggressive renewable energy agenda in the world. Solar is not a viable option for most of Europe. Belgium only receives an average 2.9 hours per day for solar. Almost 100% of the wind energy is produced in Spain. Our technology provides the ideal opportunity to produce the energy where it will be consumed.

Competition

Currently, electricity is produced using gas, oil or coal generation, nuclear, hydro, geothermal, solar and wind. Ninety-six percent of all electricity is either fossil fuel, nuclear or hydro. Fifty-eight percent of these facilities are over 30 years old. Increased maintenance cost and improved technologies will expedite how soon they will be replaced. Nuclear installations have faced strong resistance because of the Fukushima Daiichi nuclear disaster. Fossil fuels are increasingly expensive and with climate change concerns and clean air restrictions there is a strong movement to 'go green'. Wind, geothermal and hydro are



typically a long way from the consumer and the cost and loss through transmission is considerable. While the cost of solar has come down it is still expensive, inefficient and only produces on average 4-6 hours per day. Solar recently announced breakthrough technology of 22%; Concentrated Solar has announced efficiencies that approach 50% and bring down the cost of energy to \$0.08 kWh! There has been a push to cover rooftops with solar panels with limited success. Wind and solar's primary drawback is unreliability. The electric grid is based first and foremost on reliability. Since no one can predict when the wind will blow or figure out how to make solar panels produce energy at night and on overcast days, the utilities have fought moves to these technologies.

The 20 year amortized cost of the JouleBox™ is \$0.019 per kWh. We are less expensive than any other form of energy generation. As a comparison, Southern California Edison publishes their Net Surplus Generation Rate (NSG) which is an average of their cost on all electricity they use. The NSG rate for July 2013 is \$0.04412. The JouleBox™ is not only good for the environment but also makes strong economic sense.

Manufacturing

Growth will be met by the use of contract manufacturers to produce the products both domestically and globally. The company will not directly manufacture any products. The company will have in house quality control personnel as well as logistics experts to make sure the products are always produced with quality and consistency and shipped on time.

All supply chain parts suppliers have assured us they can deliver in 6-8 weeks. We promise our customers 8-12 weeks at this time. At certain times we anticipate ship times will be longer. In the energy generation/solar farm/wind farm industries it is not unusual to have 6 month delivery times.

At this time we have either contracted or have had discussions with the following contract manufacturers. We can add other Contract manufacturers can be added to meet demand.

CEBE	max. 500 units per month
Suntron/Benchmark	max. 1000 units per month
Flextronics	can provide global manufacturing operations. The minimum guarantee to have Flextronics manufacture is \$120 million annually, at cost. The additional capital allows us to meet Flextronics requirements.

Initial small lot cost to manufacture is 47% of sales. With increased volume and moving assembly globally costs will decrease to 36%.



We anticipate that others will try to reverse engineer our technology. This is the primary reason to use global contract manufacturing to saturate the market as quickly as possible. We have built in remote monitoring so any unity that is broken into for the purpose of reverse engineering will have the ability to destroy the software and circuit boards.

INTELLECTUAL PROPERTY (IP)

The company has combined multiple IP into the current technology. We will continue to file domestic and global IP.

Wind, Solar, and Magnetic Electrical Generation System	Low Wind, Vertical Axis, Dual Stage, Wind Turbine Power Generator	iCEL Technology Solutions - Battery Storage Devices
Provisional #61755950	Published Application: US 2010/0230974	Patent # below
Inventors:	International Applications: (yes)	International Applications: (yes)
- Boaventura-Delanoe (Board Member/Shareholder)	Limited Use Exclusive License to Eco-Gen	Limited Use Exclusive License to Eco-Gen
- Showalter (Board Member/Shareholder)	Limited Use Exclusive License to Bellagio Trust/Eco-Gen Inventor: - Cantwell (Board Member/Shareholder)	Inventor: - iCEL Parker (Board Member/Shareholder) 1 Battery network with compounded interconnections. Planet Electric Oct, 15 2002: US 6465986 (22 citation)
- Cantwell (Board Member/Shareholder)	Vortex Chamber Power Turbine Unpublished Provisional Patent	A battery operating system includes an array of individual component batteries configured with compound series parallel connections to form a network. The array of individual component batteries is configured to provide a two-dimensional battery network having X columns and Y rows. Each column in...
- Parker (Board Member/Shareholder)	Limited Use Exclusive License to Bellagio Trust/Eco-Gen Inventor: - Cantwell (Board Member/Shareholder)	2 Battery network with compounded interconnections. Planer Electric Apr, 4 2001: CN 99802889 (3 citation)
	Magnetic Flywheel Unpublished Provisional Patent	A battery operating system includes an array of individual component batteries configured with compound series parallel connections to form a network. The array of individual component batteries is configured to provide a two-dimensional battery network having X columns and Y rows. Each column in...
	Limited Use Exclusive License to Bellagio Trust/Eco-Gen Inventor: - Showalter (Board Member/Shareholder)	3 Charger assembly. Jan, 3 2002: US 20020000789 (1 citation)
	Manganese Transformer Unpublished Provisional Patent	A charger assembly 10 for use with a battery assembly 22. Charger assembly 10 includes a member 50 which is selectively and removably insertable into a conventional electrical power outlet, effective to allow electrical power to be communicated to the charger assembly 10. The communicated...
	Limited Use Exclusive License to Bellagio Trust/Eco-Gen Inventor: - Showalter (Board Member/Shareholder)	4 Power cell apparatus with three dimensional interconnect. Chaz G Haba Mar, 10 2010: CN 200910160877
	Switched Reluctance Speed Control Unit and Driver/Controller Unpublished Provisional Patent	An integrated power cell having three dimensional interconnected component cells is provided. The integrated power cell includes a plurality of individual battery cells connected in serial and parallel form to create a battery pack. The battery back is coupled to control circuitry by low resistance...
	Limited Use Exclusive License to Bellagio Trust/Eco-Gen Inventor: - Garcia (Board Member/Shareholder)	5 Battery which compositively is interconnected and/or a capacitor network. Icel Systems Korea Jan, 30 2009: KR 1020080071541
		PURPOSE: A battery which compositively is interconnected and/or a capacitor network are provided to optimize the energy provided selectively and to realize the self balancing. CONSTITUTION: A battery which compositively is interconnected and/or a capacitor network comprise a plurality of rows of...



EXPENSES

Contract manufacturers allow us to better control out Cost of Goods (COG). We do not inventory parts or completed units. We have a set COG from our Contract Manufacturers for completed units, therefore, COG is an accounting single item. All units are designed to be shipped in cargo containers worldwide.

Units are only manufactured after the customer has placed a PO with a 50% deposit. Since all units are presold they go from the factory floor directly into cargo containers to be shipped to the end user.

Service contracts offer tremendous opportunity for continual income. The synthetic oil is rated to last for 3 years but by changing annually they will last much longer. The maintenance per unit consists of annually changing the oil in the gearbox and lubricating the bearings. Motors and generators will last for 40-50 years because they are not turned off except for once annually. By having continuous internet monitoring we can foresee problems before they become major. The cost for the satellite link is minimal when the units are clustered. Eventually, we will be able to purchase satellite transponders and bundle the traffic flow for greater savings.

We do not offer credit or terms at this time on any units that are sold. This greatly reduces an accounting/credit department and eliminates credit risk.

Operating Strategy

The company has a 4 Phase rollout strategy to maximize efficiencies in contract manufacturing, maximize profits and service our rapid growth:

- Phase 1: Concentrate on sales that will use the 60 kW unit. This unit has the greatest profit margin. Utility grade PPA's, FiT for small generation facilities <5 MW, co-develop with people that have existing PPA's to either convert to our technology or enhance their project with the JouleBox™. The certifications needed are reduced for utility grade installations. We will only need to prove our Power Q will deliver safe, reliable power. Sales are domestic and global. The company receives full wholesale price for the sale of the equipment and residual income from the PPA. There are large incentives for this type of installation in certain states that also afford the additional income from the sale of Renewable Energy Credits (REC or SREC for Solar REC). This also avoids potential complications or delays for interconnection agreements. Most utilities outside the US are government owned. There is excellent financing available for renewable energy exports. Domestic and Global markets.
- Phase 2: Government, K-12 Schools currently spend \$6 billion annually on energy, First Net Public Safety system mandates 100,000 new independent communication centers, the DOD is



the largest consumer of energy in the world, water and sanitation systems. As an example: pumping water in CA is the largest user of electricity in the state, representing 22% of all electricity used. Domestic markets

- Phase 3: Large industrial and commercial installations. This again concentrates on the 60 kW units. Large cold processors, food processors, manufacturers, data storage, communications/cell towers, oil/fracking, pipelines, restaurant and hospitality chains. Most of these never had the option for solar because of usage or rooftop space. Large chains or multiple units requirements allows us to cost effectively expand the product line. Example: Cell phone towers will need both the 10 kW and a 5 kW unit.
- Phase 4: Residential. This market will need a 5 kW unit in addition to our 10 kW for larger homes. We will sell through independent contractor dealers to service this market. By doing cell towers first we should be able to cost effectively build smaller units for the residential market.

By using contract manufacturers we can better control our phased rollouts.



ECO-GEN Energy, Inc.

Profit & Loss

2013 - 2020

REVENUE	2013	2014	2015	2016	18	2019	2020
Sales Units	1,536	25,985	74,217	127,727	207,046	314,917	447,497
Product Sales \$	307,192,320	5,196,950,073	14,843,009,103	25,544,818,667	41,408,151,059	62,981,797,761	89,497,134,619
PPA Income \$	11,865,946	218,526,820	624,134,450	1,074,135,389	1,741,173,465	2,648,324,840	3,763,269,598
Maintenance Contracts \$	382,500	55,597,140	174,695,167	300,650,382	487,354,269	741,265,844	1,053,338,764
TOTAL REVENUE	319,440,766	5,471,074,033	15,641,838,720	26,919,604,438	43,636,678,794	66,371,388,445	94,313,742,981
EXPENSE							
Contract Manufacturers -COG Product	(144,380,390)	(1,963,299,716)	(5,343,483,277)	(9,196,134,720)	(14,906,934,381)	(22,673,447,194)	(32,218,968,463)
Maintenance Contracts	(300,000)	(50,299,200)	(22,145,760)	(38,112,853)	(61,780,935)	(93,968,802)	(133,529,667)
Royalties IP	(24,575,386)	(415,756,006)	(1,187,440,728)	(2,043,585,493)	(3,312,652,085)	(5,038,543,821)	(7,159,770,770)
Corporate Overhead	(67,582,310)	(1,143,329,016)	(3,265,462,003)	(6,857,470,206)	(14,400,687,432)	(31,681,512,351)	(76,986,075,013)
TOTAL EXPENSE	(236,838,086)	(3,572,683,938)	(9,858,750,968)	(16,966,910,416)	(27,503,361,785)	(41,832,613,275)	(59,444,143,464)
NET INCOME	82,602,679	1,898,390,095	5,783,087,752	9,952,694,021	16,133,317,009	24,538,775,170	34,869,599,517



EXECUTIVE OFFICERS, MANAGEMENT, BOARD OF ADVISORS, AND ADMINISTRATIVE STAFF

Executive Officers

Raoul Hamilton, President/ Director

Raoul Hamilton, President, Secretary, Treasurer and Member of the Board of Directors, brings over 30 years of business experience with him to ECO-GEN. He is currently serving as President of a property management company and insurance general agency. Raoul made a name for himself in his family owned restaurant business, Fat Burgers and managing government concession services before leaving to start his own business. Mr. Hamilton has extensive government and political connections. As a minority managed business, ECO-GEN receives preferred consideration on all government contracts.

Julie Otey, General Manager/Secretary

Julie Otey, General Manager of ECO-GEN Energy brings over nine years of management and branding experience to the Company. She gained valuable experience as the personal assistant and general manager for Wolfgang Puck and Spago Enterprises. She was directly responsible for duties as varied as restaurant management to cookbook editing and publishing; product manufacturing, contract manufacturing and branding to the Oscar's Governor's Ball.

Timothy A. Smith, Operations Coordinator

Tim brings over 25 years of experience in high tech manufacturing and chip fabrication as head of DuPont's Asia operations. Tim works with iCEL and ECO-GEN Energy to coordinate manufacture and energy management systems within the Hybrid Solar Generators.

Tom Soumas – VP Marketing Government

Tom has worked in the communications and defense industry for over 20 years. He is deeply involved and has established Eco-Gen with a new strategic alliance with *Cinetcomm* to install the **JouleBox™** Hybrid Generator for the Department of Homeland Security. This application is identified as "the interoperable FirstNet Public Safety Broadband Network in the 700 MHz band of the D Block spectrum."

Mark Carvalho, VP Marketing - Exports

Mark brings 20 years of industrial and international sales experience and connections all over the world. From close personal and business relationships in the oil, fracking and pipeline industries to the glass and coatings industries, Mark can bring enormous sales to ECO-GEN very fast.

Paul Stevens, Director of Marketing - US

Paul Stephens, Director of Marketing and Product Development came to ECO-GEN Energy as a Green Energy expert. Paul's innovative ideas and vast connections have brought tremendous opportunity into retail, lodging and guest services industries.



Steve Baker, VP of Finance

Steve brings over 30 years of financial expertise to the company. He has been very successful in helping many companies throughout his career achieve financial success.

Additionally, our Board of Technology Advisors offer tremendous sales opportunities through strategic alliances with their other companies.

JS Parker CEO of iCEL Technology

Larry Cantwell – Wind & Star Energy

Randy Arntson President & CEO Endelos Energy, Inc.

Board of Technology Advisors

JS Parker

CEO of iCEL Technology and holder of the serial/parallel wiring of lithium ion battery bricks and energy management systems.

Licia Boaventura

Licia was an attorney and an administrative law Judge in her native Brazil. Licia is Trustee and oversees all IP with the Bellagio Trust that owns most of the IP for the Hybrid Solar Generator.

Armen Showalter

Armen is a co-developer of multiple patents relating to the low voltage magnetic aluminum flywheel technology. He also holds many other patents in alternative energy and water technologies.

Reginald Garcia

Reggie has developed the switched reluctance speed controller and driver that is much more efficient than anything else on the market.

Larry Cantwell

Larry holds various patents regarding Vortex Reduction Chambers and the use of wind in the production of electricity.

Paul B. Delanoe

Paul is responsible for bringing all the various talent and technologies together in the Hybrid Solar Generator. He is an inventor or co-inventor on over 30 intellectual properties.



Randy Arntson President & CEO Endelos Energy, Inc. developed exclusively for ECO-GEN the Power Q, power quality box that is part of every JouleBox™. The Power Q guarantees the highest quality, clean energy management. The Sine Waves and Harmonics are in sync with the grid, there are never any Power Surges and the automatic cut-offs make sure the units are always safe. The Power Q also allows remote internet access.

Attorney

Mark J. Riedy, Partner
Kilpatrick Townsend & Stockton LLP
Suite 900
607 14th Street, NW
Washington, DC 20005-2018



Investor Returns and Exit Strategy

The company does not pay any dividends at this time. An equity investment at this time is not publicly traded and is not liquid. It is the goal of the company to make an Initial Public Offering (IPO) in approximately 2 years.

In this day and age where everyone that creates a free mobile app talks about “disruptive technology” or “revolutionary technology” it is difficult to identify truly breakthrough disruptive technology. The JouleBox™ not only changes how renewable energy is generated but all electricity on a global scale. The product is cost competitive with all existing technology and allows for Distributed Generation that saves in transmission costs and also delivers electricity generation to parts of the world that were not possible before. There are no dangers like nuclear power; no carbon footprint like coal, gas and oil generated power; no environmental impact like hydro power; and when compared with wind and solar that produce 4-8 hours per day, our 24 hour generation is 300%-600% more efficient and cost advantageous.

The company has developed a business model that is immediately profitable and scalable after launch. The business plan does not rely on additional rounds of financing that would dilute early investors. All capital requirements can be met with the 50% deposit and payments prior to shipment. After this funding, the next anticipated equity opportunity will be in approximately 2 years when we have established sales and profitability. The valuations that may be available at that time have been estimated at 25 to 50 times earnings. Based on projections of sales and profitability, the valuation of the company may be worth approximately \$150-300 Billion. We understand this represents enormous success. The market is the largest in the world and the demand is overwhelming.

RISK FACTORS

Risks Related Primarily to the Company and its Plan of Operations:

No Operating History. The Company is newly formed and it has no financial or operational history upon which investors may base an evaluation of its performance or any assumption as to the likelihood that the Company will be profitable.

New Product. The success of the company is dependent on the long term operation of a new and unproven product. While many of the components are proven products the combination has not been proven for long term operation. All new products have risks. All new technologies have risks.

Need for Additional Distribution Financing. The Company expects that the proceeds from the Funding will be sufficient for the Company to fund operations. There can be no assurance that the Company or its



customers will be able to obtain any necessary additional project financing on terms acceptable to the Company.

Initial Public Offering (IPO). The Company plans on going public in approximately two (2) years. Valuations are typically based on growth rate, sales, current profitability, projected profitability, other factors and market conditions that are not certain at this time. There can be no assurance that the Company will be able to have a successful IPO or that an IPO at that time is in the best interests of the company and its shareholders.

Risks Related Primarily to the Renewable Energy Industry. The Renewable Energy industry has government incentives in the form of rebates, grants, and investment tax credits. The Company cannot provide assurances against any policy changes that impact the assumptions outlined in the financial models. In addition, renewable energy credits are expected to be adopted in the near future. The Company cannot guarantee that this type of policy will be approved by government bodies.

Competition. The Company will be competing with other major Renewable Energy, Conventional Energy and Electrical Generating entities. Organizations with which the Company will be competing will have far greater financial resources, larger staffs, and greater creative resources than the Company. Such larger competitors benefit from greater financial strength, economies of scale, and long-term contractual arrangements.

Risks Related Primarily to the Company and the Investment in the Company:

Dilution. It is unknown at this time if there will be any dilution in the Company from the IPO or other financing. Any additional equity financing may result in lower percentages of participation by investors. The Company does not anticipate, at this time, addition rounds of equity financing that would be needed prior to an IPO.

Projected Financial Statements. The business plan contains certain forward-looking statements, generally referred to as "Projections." Actual Company results will differ, and may differ materially, from those possible outcomes projected in the forward-looking statements as a result of natural variations and volatility of results, as well as the risk factors set forth herein and other factors. It is impossible to predict accurately the results to an investor from an investment in the Company. Many occurrences over which the Company has no control can significantly alter the variance between the Company's projected financial performance and its actual financial performance. Due to uncertainties inherent in long range projections, the Company believes that the financial projections contained in this business plan, are subject to inherent uncertainty. The Company's actual performance will likely differ from the projections during the periods covered by the projections. The investment in the Company is a highly speculative investment and should be undertaken only by persons who are financially able to bear the loss of their entire investment and who have no need for liquidity with respect to an investment in the Company. Prospective investors should consider carefully the following risk factors and all other matters set forth in this business plan in evaluating the Company and



its business before making a decision to invest and should consult with their own legal, tax, and financial advisors with respect to these matters.

All estimates and projections contained in this business plan are unaudited and were prepared by or derived from information supplied by the Company. They involve numerous and significant subjective determinations and are subject to a high degree of uncertainty.

Dependence on Management. No person should invest in the Company unless such investor is willing to entrust all aspects of the management of the Company to the management team.

Absence of Liquidity of the Interests. There has never existed in the past, there is not now, and there may never be, a public market for an investor to sell his or her investment in the Company. An investment in the Company requires the financial ability and willingness of the investor to accept high risks and lack of liquidity.

Restrictions on Transfer. The Company offerings have not been registered under the Securities Act and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act. Such offerings must be acquired for the accounts of the respective investors for investment purposes only and not with a view toward resale, exchange, or distribution. The Company offerings may not be sold, transferred, or otherwise disposed of unless such offerings have been registered under the Securities Act, or unless such sale, transfer or disposition is exempt from such registration as well as from applicable state securities laws.

Tax Risks. VARIOUS ASPECTS OF THE INVESTMENT, INCLUDING, WITHOUT LIMITATION, LOCAL AND FOREIGN TAXATION, MAY PRODUCE EFFECTS WHICH CAN VARY BASED ON AN INDIVIDUAL'S PARTICULAR CIRCUMSTANCES, COUNTRY OF RESIDENCY, SITUS, AND NATURE OF THE COMPANY'S OPERATIONS. THEREFORE, PROSPECTIVE INVESTORS ARE URGED AND EXPECTED TO CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO ALL OF THE LOCAL AND FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY WITH SPECIFIC REFERENCE TO THEIR INDIVIDUAL TAX SITUATIONS.

LEGAL NOTICE

THIS INVESTMENT IS FURNISHED TO SELECTED PROSPECTIVE ACCREDITED INVESTORS ON A CONFIDENTIAL BASIS. THE PROPOSED SECURITIES TRANSACTION DESCRIBED HEREIN WILL BE MADE IN RELIANCE UPON THE NON-PUBLIC OFFERING EXEMPTION FROM REGISTRATION AS PROVIDED IN SECTION 3(B) AND 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED ("THE ACT") AND/OR ONE OR MORE OF RULES 501, 504, 505, AND 506 PROMULGATED PURSUANT TO THE ACT AND IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN VARIOUS STATE SECURITIES LAWS.

THE PURCHASE OF THE INTERESTS OFFERED HEREBY INVOLVES A SIGNIFICANT INVESTMENT RISK AND SHOULD BE MADE ONLY BY INVESTORS WHO CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. IN



MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. SEE "RISK FACTORS."

THE INTERESTS OFFERED HEREBY HAVE NOT BEEN FILED OR REGISTERED WITH OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES ADMINISTRATION, NOR HAVE THEY PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFERING MATERIALS NOR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE OFFERING MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE INVESTORS IN THE COMPANY AND CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE INVESTOR TO WHOM IT WAS DELIVERED. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS RETAINED TO ADVISE HIM OR HER WITH RESPECT THERETO IS UNAUTHORIZED, AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY'S MANAGER IS PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN IT AND ALL OTHER RELATED DOCUMENTS TO THE MANAGER AT THEIR REQUEST IF THE PROSPECTIVE INVESTOR DECIDES NOT TO INVEST IN THE COMPANY, IF THE PROSPECTIVE INVESTOR'S SUBSCRIPTION IS NOT ACCEPTED OR IF THE OFFERING IS TERMINATED.

THIS OFFERING OF SECURITIES IS BEING MADE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 FOR AN OFFER AND SALE OF SECURITIES WHICH DOES NOT INVOLVE A PUBLIC OFFERING. NO PUBLIC OR OTHER MARKET WILL DEVELOP FOR THE INTERESTS. THE INTERESTS ARE NOT TRANSFERABLE WITHOUT THE CONSENT OF THE MANAGER, WHICH MAY BE WITHHELD FOR ANY REASON OR FOR NO REASON, AND SATISFACTION OF CERTAIN OTHER CONDITIONS, INCLUDING COMPLIANCE WITH FEDERAL AND STATE SECURITIES LAWS.

AN INVESTMENT IN THE COMPANY WILL BE ILLIQUID. AS A RESULT, PROSPECTIVE INVESTORS SHOULD ACQUIRE THE INTERESTS OFFERED HEREBY ONLY IF THEY CAN BEAR FOR AN INDEFINITE PERIOD OF TIME THE ECONOMIC RISKS ASSOCIATED WITH AN ILLIQUID INVESTMENT.

THE COMPANY WILL NOT REQUEST ANY RULINGS FROM THE INTERNAL REVENUE SERVICE CONCERNING ANY OF THE TAX ISSUES PRESENTED BY AN INVESTMENT IN THE COMPANY OR OTHERWISE AFFECTING THE COMPANY. MOREOVER, THE COMPANY WILL NOT OBTAIN ANY TAX OPINION IN CONNECTION WITH THIS OFFERING. PROSPECTIVE INVESTORS ARE STRONGLY ADVISED TO CONSULT WITH TAX ADVISERS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION PRIOR TO INVESTMENT IN THE COMPANY.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS INVESTMENT, TAX OR LEGAL ADVICE. THIS MEMORANDUM AND THE APPENDICES HERETO, AS WELL AS THE NATURE OF THE INVESTMENT, SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR'S INVESTMENT ADVISER, ACCOUNTANT, TAX AND/OR LEGAL COUNSEL. EACH INVESTOR WILL BE REQUIRED TO STIPULATE IN HIS OR



HER SUBSCRIPTION AGREEMENT THAT HE OR SHE HAS NOT RELIED UPON THE COMPANY OR THE MANAGER FOR TAX OR LEGAL ADVICE, AND THAT THE INVESTOR HAS RELIED ONLY ON HIS OR HER OWN ADVISOR FOR BUSINESS, TAX AND LEGAL ADVICE.

OFFERS OF INTERESTS WILL ONLY BE MADE PURSUANT TO THIS MEMORANDUM (INCLUDING APPENDICES, ATTACHMENTS, AMENDMENTS AND SUPPLEMENTS) AND DOCUMENTS SUMMARIZED HEREIN. THE MANAGER WILL MAKE AVAILABLE TO EACH PROSPECTIVE INVESTOR THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF AN INVESTMENT IN THE COMPANY OR ANY OTHER RELEVANT MATTERS, AND TO OBTAIN ANY ADDITIONAL INFORMATION (TO THE EXTENT THAT THE MANAGER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE) NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION HEREIN SET FORTH.

THIS OFFER CAN BE WITHDRAWN AT ANY TIME AND IS SPECIFICALLY MADE SUBJECT TO THE TERMS DESCRIBED IN THIS MEMORANDUM. THE MANAGER RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART.

THIS MEMORANDUM SHALL NOT BE CONSIDERED AN OFFER BY THE COMPANY OR THE MANAGER OR ANY OTHER PERSON IN ANY JURISDICTION IN WHICH SUCH AN OFFER IS UNLAWFUL OR PROHIBITED.

THIS DOCUMENT AND THE INFORMATION CONTAINED IN IT IS PROVIDED SOLELY FOR THE PURPOSE OF ACQUAINTING THE READER WITH THE COMPANY. IT IS PROPRIETARY TO THE COMPANY. This business plan does not constitute an offer to sell, or a solicitation of an offer to purchase, securities, nor shall securities be offered or sold to any person in any jurisdiction in which such offer, solicitation or purchase would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This business plan has been submitted on a confidential basis solely for the benefit of selected, HIGHLY qualified investors, and is not for use by any other person or party.

BY ACCEPTING DELIVERY OF THIS BUSINESS PLAN, THE RECIPIENT ACKNOWLEDGES AND AGREES THAT: (1) IN THE EVENT THAT THE RECIPIENT DOES NOT WISH TO PURSUE THIS MATTER, THE RECIPIENT WILL RETURN THIS COPY TO THE ADDRESS LISTED BELOW AS SOON AS PRACTICAL; (2) THE RECIPIENT WILL NOT COPY, REPRODUCE, STORE, FAX OR DISTRIBUTE THIS CONFIDENTIAL BUSINESS PLAN, IN WHOLE OR IN PART, IN ANY FORM, WITHOUT PRIOR WRITTEN PERMISSION; AND (3) ALL OF THE INFORMATION CONTAINED HEREIN WILL BE TREATED AS CONFIDENTIAL MATERIAL.

FORWARD-LOOKING STATEMENTS

Certain statements in this Business Plan constitute “forward-looking statements” within the meaning of federal security laws. All statements that address expectations or projections about the future, including statements about product development, market position, expected expenditures and financial results, are forward-looking statements.



Some of the forward-looking statements may be identified by words like “expects,” “anticipates,” “plans,” “intends,” “projects,” “indicates,” and similar expressions. Any statements contained in this Plan that are not statements of historical fact may be deemed to be forward-looking statements. These statements are not guarantees of future performance the Company may differ significantly, positively or negatively, from forward-looking statements made in this document. Unanticipated events and circumstances are likely to occur. Factors that might cause such differences include, but are not limited to, those discussed under the heading “Risk Factors” which should be carefully considered. These factors include, but are not limited to, risks that the Company may not receive the level of market acceptance anticipated; anticipated funding may prove to be unavailable; intense competition in our market may result in lower than anticipated revenues or higher than anticipated costs; and general economic conditions, such as inflation, interest rates and the condition of the capital markets may change in a way that is not favorable to us. This list of factors is not exhaustive. We undertake no obligation to update any forward-looking statements.

THE INFORMATION CONTAINED IN THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE WHERE IT HAS NOT BEEN REGISTERED WITH THAT STATE’S SECURITIES REGULATORY AUTHORITY NOR TO ANY PERSON WHO IS NOT A BONA FIDE RESIDENT OF SUCH STATE NOR DOES IT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON EXCEPT THOSE PARTICULAR PERSONS WHO SATISFY THE SUITABILITY STANDARDS DESCRIBED HEREIN. (SEE “INVESTOR SUITABILITY”)

NOTICES TO ALL INVESTORS

THIS MEMORANDUM IS FURNISHED TO SELECTED PROSPECTIVE INVESTORS ON A CONFIDENTIAL BASIS. THE PROPOSED SECURITIES TRANSACTION DESCRIBED HEREIN WILL BE MADE IN RELIANCE UPON THE NON-PUBLIC OFFERING EXEMPTION FROM REGISTRATION AS PROVIDED IN SECTION 3(B) AND 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (“THE ACT”) AND/OR ONE OR MORE OF RULES 501, 504, 505, AND 506 PROMULGATED PURSUANT TO THE ACT AND IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN VARIOUS STATE SECURITIES LAWS.

THIS MEMORANDUM HAS BEEN PREPARED FOR A LIMITED NUMBER OF INVESTORS TO ASSIST THEM IN EVALUATING A PROPOSED INVESTMENT IN ECO-GEN ENERGY, INC., A NEVADA CORPORATION (THE “COMPANY”). THIS MEMORANDUM CONSTITUTES AN OFFER BY THE ENTITY NAMED ON THE FIRST PAGE; THE RECIPIENT OF WHICH AGREES TO RETURN THIS PRIVATE PLACEMENT MEMORANDUM TO THE COMPANY IF THE OFFEREE DOES NOT PURCHASE ANY OF THE SHARES OFFERED BY THE COMPANY HEREBY. NO PERSON MAY PURCHASE THE SHARES OFFERED HEREBY EXCEPT PURSUANT TO THE TERMS SET FORTH IN THIS MEMORANDUM AND SUBJECT TO APPROVAL BY THE COMPANY. THE COMPANY’S AFFILIATES MAY PURCHASE SHARES IN THIS OFFERING AND THE COMPANY MAY REFUSE TO SELL SHARES TO ANY PERSON FOR ANY REASON WHATSOEVER.

IF ANY PROSPECTIVE INVESTOR HAS ANY QUESTION REGARDING THIS OFFERING OR DESIRES ANY ADDITIONAL INFORMATION OR DOCUMENT TO VERIFY OR SUPPLEMENT THE INFORMATION IN THIS



MEMORANDUM PLEASE WRITE OR CALL, OR HAVE YOUR PURCHASER REPRESENTATIVE WRITE OR CALL THE COMPANY AT THE ADDRESS OR TELEPHONE NUMBERS STATED ELSEWHERE IN THIS DOCUMENT.

ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM IN WHOLE OR IN PART OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY, IS PROHIBITED. ANY SUCH REPRODUCTION, DISTRIBUTION OR DIVULGENCE MAY RESULT IN IRREPARABLE DAMAGE TO THE COMPANY. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM OR IN ANY AGREEMENT CONTEMPLATED HEREBY, AND ANY SUCH INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN OR IN SUCH AGREEMENT MUST NOT BE RELIED UPON. NOTHING IN THIS MEMORANDUM SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO THE OFFEREE.

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK AND ARE SUITABLE FOR PURCHASE ONLY BY PERSONS WHO CAN AFFORD TO ASSUME THE RISK OF LOSING THEIR ENTIRE INVESTMENT. AMONG OTHER RISKS, INVESTORS WILL BE SUBJECT.

TO (A) LACK OF MARKETABILITY OF THE SHARES; (B) A LONG TERM INVESTMENT; AND (C) SUBSTANTIAL COMPETITION. (SEE "RISK FACTORS.") NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN WHICH MAY ACCRUE TO THE INVESTORS. NO ASSURANCE CAN BE GIVEN THAT FEDERAL, STATE OR LOCAL GOVERNMENTAL AGENCIES OR BODIES WILL NOT IMPOSE RESTRICTIONS ADVERSELY AFFECTING THE ECONOMIC RETURN TO INVESTORS IN THE COMPANY. EXISTING TAX LAWS WILL UNDOUBTEDLY BE CHANGED OR MAY BE INTERPRETED ADVERSELY, EITHER OF WHICH EVENTS MAY CHANGE THE TAX EFFECT UPON THE INVESTOR. EACH INVESTOR SHOULD CONSULT WITH HIS OWN TAX COUNSEL AND OTHER ADVISORS WITH RESPECT TO AN INVESTMENT IN THE COMPANY.

NOTICE FOR RESIDENTS OF ALL STATES & LOCAL LEGAL NOTICES

THE SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY OFFERING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES OR THE AUTHORITIES OF THE STATES NOT SPECIFICALLY LISTED HEREUNDER HAVE NOT CONFIRMED THE



ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING MEMORANDUM, AND ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF SHARES WHO RECEIVES ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD CONTACT THE COMPANY IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM NOR ANY SALES HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY OR IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF.

PROSPECTIVE PURCHASERS SHOULD NOT REGARD THE CONTENTS OF THIS OFFERING MEMORANDUM OR ANY OTHER COMMUNICATION FROM THE COMPANY AS A SUBSTITUTE FOR COMPETENT, CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. EACH POTENTIAL PURCHASER IS ENCOURAGED TO CONSULT.

THEIR OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONAL WITH RESPECT TO THE LEGAL AND TAX ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO HIS, HER OR ITS' OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR SHARES IN THE COMPANY.

THE SHARES ARE OFFERED SUBJECT TO PRIOR SALE, ACCEPTANCE OF AN OFFER TO PURCHASE AND TO WITHDRAWAL OR CANCELLATION OF THE OFFERING WITHOUT NOTICE. THE COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTIONS IN WHOLE OR IN PART.

COMPANY WILL MAKE AVAILABLE TO ANY PROSPECTIVE PURCHASER AND HIS, HER OR ITS' ADVISORS THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, THE COMPANY AND OR ANY OTHER RELEVANT MATTERS, AND TO OBTAIN ADDITIONAL INFORMATION TO THE EXTENT THAT THE COMPANY POSSESSES AND MAY REASONABLY PROVIDE SUCH INFORMATION.

THE INFORMATION IN THE OFFERING MEMORANDUM HAS BEEN SUPPLIED BY THE COMPANY. THIS OFFERING MEMORANDUM MAY CONTAIN SUMMARIES, BELIEVED BY THE COMPANY TO BE ACCURATE, AS TO CERTAIN FACTS, DOCUMENTS AND AGREEMENTS; BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH AGREEMENTS AND/OR OTHER DOCUMENTS. COPIES OF DOCUMENTS REFERRED TO IN THIS OFFERING MEMORANDUM, BUT NOT INCLUDED HEREIN AS AN EXHIBIT, WILL BE MADE AVAILABLE TO QUALIFIED PROSPECTIVE PURCHASERS UPON REQUEST.

FOR ALASKA RESIDENTS ONLY

THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.500-3 AAC 08.506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR SHALL MAKE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND/OR HAS NOT REVIEWED THIS DOCUMENT SINCE THIS DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE



ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF AS 45.55.170.

THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY OFFERING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR ARIZONA RESIDENTS ONLY

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ARIZONA SECURITIES ACT IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844 (1) AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE ALSO REGISTERED OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR CALIFORNIA RESIDENTS ONLY

THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY SECTION 25100, 25102, OR 25104 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

FOR COLORADO RESIDENTS ONLY

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE COLORADO SECURITIES ACT OF 1991 BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991, IF SUCH REGISTRATION IS REQUIRED.

FOR CONNECTICUT RESIDENTS ONLY

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND, THEREFORE, CANNOT BE RESOLD UNLESS REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.



FOR FLORIDA RESIDENTS ONLY

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT AND ARE BEING SOLD IN RELIANCE UPON AN EXEMPTION PROVIDED BY SECTION 517.061 THEREOF. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF FLORIDA EXCEPT AS AN EXEMPT SECURITY OR IN AN EXEMPT TRANSACTION UNDER SAID ACT.

EACH OFFEREE WHO IS A FLORIDA RESIDENT SHOULD BE AWARE THAT ANY SALE MADE TO RESIDENTS OF FLORIDA SHALL BE VOIDABLE WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER OR TO THE PLACEMENT AGENT. EACH PERSON ENTITLED TO EXERCISE SUCH RIGHT TO WITHDRAW AND WHO WISHES TO EXERCISE SUCH RIGHT MUST CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE ISSUER OR PLACEMENT AGENT WITHIN THE AFOREMENTIONED THREE-DAY PERIOD.

FOR INDIANA RESIDENTS ONLY

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 23-2-1-2 OF THE INDIANA SECURITIES LAW AND HAVE NOT BEEN REGISTERED UNDER SECTION 23-2-1-3. THEY CANNOT THEREFORE BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. A CLAIM OF EXEMPTION UNDER SAID LAW WILL BE FILED AND IF SUCH EXEMPTION IS NOT DISALLOWED SALES OF THESE SECURITIES MAY BE MADE; HOWEVER, UNTIL SUCH EXEMPTION IS GRANTED ANY OFFER MADE PURSUANT HERETO IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

FOR IOWA RESIDENTS ONLY

NO SALE OF SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF IOWA WHO ARE NON ACCREDITED INVESTORS UNLESS EITHER (1) EACH IOWA INVESTOR IS PURCHASING A MINIMUM OF \$150,000 AND HAS A NET WORTH OF \$450,000 (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OR (B) A NET WORTH OF \$750,000 (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) AND AN ANNUAL INCOME IN THE 50% TAX BRACKET.

FOR MAINE RESIDENTS ONLY

THE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502 (2)(R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND AS SUCH THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS PURSUANT TO REGISTRATION UNDER STATE AND FEDERAL LAWS OR UNLESS AS EXEMPTION UNDER SUCH LAWS EXIST.



FOR MICHIGAN RESIDENTS ONLY

NO SALE OF THE SECURITIES WILL BE MADE TO THE RESIDENTS OF THE STATE OF MICHIGAN WHO ARE UNACCREDITED INVESTORS IF THE AMOUNT OF SUCH INVESTMENT IN THE SECURITIES WOULD EXCEED TEN PERCENT (10%) OF SUCH INVESTOR'S NET WORTH.

FOR MISSOURI RESIDENTS ONLY

NO SALE OF THE SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF MISSOURI WHO ARE UNACCREDITED INVESTORS IF THE AMOUNT OF SUCH INVESTMENT IN THE SECURITIES WOULD EXCEED TWENTY PERCENT (20%) OF SUCH INVESTOR'S NET WORTH (EXCLUDING PRINCIPAL RESIDENCE, FURNISHINGS THEREIN, AND PERSONAL AUTOMOBILES).

FOR NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE ATTORNEY GENERAL OR THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE ATTORNEY GENERAL HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FOR NEW MEXICO RESIDENTS ONLY

THE SECURITIES DESCRIBED HEREIN ARE OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF NEW MEXICO. ACCORDINGLY, THE NEW MEXICO SECURITIES BUREAU HAS NOT REVIEWED THE OFFERING OF THESE SECURITIES AND HAS NOT APPROVED OR DISAPPROVED THIS OFFERING. THE NEW MEXICO SECURITIES BUREAU HAS NOT PASSED ON THE VALUE OF THESE SECURITIES OR UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT.

FOR NEW YORK RESIDENTS ONLY

THIS PRIVATE PLACEMENT MEMORANDUM HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.



FOR OREGON RESIDENTS ONLY

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH THE DIRECTOR OF THE STATE OF OREGON UNDER PROVISIONS OF OAR 441-65-060 THROUGH 441-65-240. THE INVESTOR IS ADVISED THAT THE DIRECTOR MAY MAKE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND/OR HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE DIRECTOR.

FOR SOUTH CAROLINA RESIDENTS ONLY

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR TEXAS RESIDENTS ONLY

EACH PURCHASER OF THESE SECURITIES MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE APPLICABLE SECURITIES LAWS AND THEREFORE CANNOT BE SOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. POTENTIAL PURCHASERS SHOULD BE AWARE THAT A LEGEND RECITING THE RESTRICTIONS ON TRANSFERABILITY WILL BE PLACED ON THE SECURITY, AND THAT THEY WILL BE ASKED TO SIGN A WRITTEN AGREEMENT THAT THE SECURITIES WILL NOT BE SOLD WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS OR EXEMPTIONS THEREFROM.

FOR UTAH RESIDENTS ONLY

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UTAH UNIFORM SECURITIES ACT AND THEREFORE CANNOT BE RESOLD UNLESS REGISTERED UNDER SUCH ACT OR EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

FOR WASHINGTON RESIDENTS ONLY

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND THE SECURITIES ACT OF WASHINGTON CHAPTER 21.20 RCW, AND AS SUCH SHALL HAVE THE STATUS OF RESTRICTED SECURITIES AND CANNOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND THE SECURITIES ACT OF WASHINGTON OR AN EXEMPTION THEREFROM.



FOR FOREIGN RESIDENTS ONLY

IT IS THE RESPONSIBILITY OF EACH PERSON PURCHASING THE SHARES OFFERED HEREBY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES OF AMERICA IN CONNECTION WITH ANY SUCH PURCHASE.

FORWARD LOOKING STATEMENTS

CERTAIN STATEMENTS IN THIS MEMORANDUM INCLUDING BUT NOT LIMITED TO STATEMENTS, ESTIMATES AND PROJECTIONS OF FUTURE TRENDS AND OF THE ANTICIPATED FUTURE PERFORMANCE OF THE COMPANY CONSTITUTE "FORWARD- LOOKING STATEMENTS." SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS. PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY, OR INDUSTRY RESULTS, TO DIFFER MATERIALLY FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENT IMPLIED BY SUCH FORWARD- LOOKING STATEMENTS.

STATEMENTS IN THIS MEMORANDUM THAT ARE FORWARD-LOOKING ARE BASED ON THE COMPANY'S CURRENT BELIEFS AND ASSUMPTIONS REGARDING A LARGE NUMBER OF FACTORS AFFECTING ITS BUSINESS. ACTUAL RESULTS MAY DIFFER FROM EXPECTED RESULTS. THERE CAN BE NO ASSURANCE THAT (1) THE COMPANY HAS CORRECTLY MEASURED OR IDENTIFIED ALL OF THE FACTORS AFFECTING ITS BUSINESS OR THE EXTENT OF THEIR LIKELY IMPACT, (2) THE PUBLICLY AVAILABLE INFORMATION WITH RESPECT TO THESE FACTORS ON WHICH THE COMPANY'S ANALYSIS IS BASED ARE COMPLETE OR ACCURATE, AND (3) THE COMPANY'S STRATEGY, WHICH IS BASED IN PART ON THIS ANALYSIS, WILL BE SUCCESSFUL.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SHARES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF LAW. THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.



NOTICE REGARDING AGREEMENT

TO ARBITRATE THIS MEMORANDUM REQUIRES THAT ALL INVESTORS ARBITRATE ANY DISPUTE ARISING OUT OF OR RESULTING FROM THEIR INVESTMENT IN THE SHARES DESCRIBED HEREIN. EACH INVESTOR FURTHER AGREES THAT THE ARBITRATION WILL BE BINDING AND WILL BE HELD IN ORANGE COUNTY, CALIFORNIA OR SUCH OTHER JURISDICTION AS THE COMPANY MAY IN FUTURE DETERMINE. INVESTORS AGREE THEREBY TO WAIVE ANY RIGHTS TO A JURY TRIAL. OUT OF STATE ARBITRATION MAY FORCE INVESTORS TO ACCEPT A LESS FAVORABLE SETTLEMENT OF A DISPUTE. IT MAY ALSO COST MORE THAN ANTICIPATED TO ARBITRATE A SETTLEMENT OF A DISPUTE, WHETHER IN CALIFORNIA OR THE INVESTOR'S HOME STATE.

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